

Basic Financial Statements

The basic financial statements for the City of Asheville consist of both entity-wide and fund financial statements.

CITY OF ASHEVILLE
STATEMENT OF NET ASSETS
JUNE 30, 2006

Exhibit A

	Primary Government			Component Unit
	Governmental	Business-type		City of Asheville
	Activities	Activities	Total	ABC Board
ASSETS				
Cash and investments	\$ 39,715,454	\$ 18,877,326	\$ 58,592,780	\$ 2,059,827
Receivables (net of allowance for uncollectibles)	9,955,734	6,199,103	16,154,837	9,956
Due from Component Unit	125,000	-	125,000	-
Internal balances	715,819	(715,819)	-	-
Inventories	858,271	89,118	947,389	1,866,233
Prepays	-	19,643	19,643	75,180
Restricted assets:				
Cash and investments	8,220,213	11,647,032	19,867,245	-
Capital assets:				
Land	27,321,138	10,271,758	37,592,896	964,327
Buildings and improvements	45,098,905	80,560,800	125,659,705	1,833,845
Machinery and equipment	28,420,969	14,432,930	42,853,899	532,479
Infrastructure	204,736,311	109,208,525	313,944,836	-
Construction in progress	12,266,712	4,559,708	16,826,420	-
Accumulated depreciation	(120,954,280)	(75,332,282)	(196,286,562)	(1,651,713)
Unamortized debt issuance cost	-	1,004,830	1,004,830	-
Total assets	<u>256,480,246</u>	<u>180,822,672</u>	<u>437,302,918</u>	<u>5,690,134</u>
LIABILITIES				
Accounts payable and other current liabilities	6,627,237	4,002,419	10,629,656	1,286,702
Customer deposits	-	474,793	474,793	-
Accrued interest payable	262,481	498,420	760,901	-
Due to primary government	-	-	-	125,000
Unearned revenue	211,722	226,050	437,772	-
Noncurrent liabilities:				
Due within one year	7,019,918	3,589,198	10,609,116	-
Due in more than one year	29,565,456	49,681,550	79,247,006	-
Total liabilities	<u>43,686,814</u>	<u>58,472,430</u>	<u>102,159,244</u>	<u>1,411,702</u>
NET ASSETS				
Invested in capital assets, net of related debt	173,598,743	92,518,623	266,117,366	1,678,938
Restricted for:				
Employee paid health benefits	5,478,052	-	5,478,052	-
Risk management	1,599,364	-	1,599,364	-
Working capital	-	-	-	546,772
Perpetual care:				
Nonexpendable	292,830	-	292,830	-
Capital projects	4,706,384	-	4,706,384	-
Unrestricted	27,118,059	29,831,619	56,949,678	2,052,722
Total net assets	<u>\$ 212,793,432</u>	<u>\$ 122,350,242</u>	<u>\$ 335,143,674</u>	<u>\$ 4,278,432</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

Exhibit B

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities				
General government	\$ 16,032,815	\$ 9,253,632	\$ 489,395	\$ 50,421
Public safety	33,384,277	2,880,783	575,491	2,071,729
Highways and streets	20,076,196	1,729,187	2,326,644	775,000
Economic development	4,784,757	292,466	2,719,621	-
Culture and recreation	7,782,635	1,007,470	534,614	-
Interest on long term debt	1,179,077	-	-	-
Total governmental activities	<u>83,239,757</u>	<u>15,163,538</u>	<u>6,645,765</u>	<u>2,897,150</u>
Business-type activities				
Water resources	20,194,049	23,992,811	-	4,137,452
Civic Center	2,251,998	1,525,588	-	-
Festivals	1,269,793	1,032,524	-	-
Parking Services	1,249,256	2,382,909	-	-
Mass Transit	4,262,696	752,117	2,171,052	-
Stormwater	1,994,752	2,356,828	-	-
Golf Course	884,124	839,245	-	-
Total business-type activities	<u>32,106,668</u>	<u>32,882,022</u>	<u>2,171,052</u>	<u>4,137,452</u>
Total primary government	<u>\$ 115,346,425</u>	<u>\$ 48,045,560</u>	<u>\$ 8,816,817</u>	<u>\$ 7,034,602</u>
Component unit:				
ABC Board	18,067,550	18,176,655	-	-
Total component unit	<u>\$ 18,067,550</u>	<u>\$ 18,176,655</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Property taxes
- Sales taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings & miscellaneous
- Gain on sale of capital assets

Special Items

Transfers

 Total general revenues, transfers and special item

 Changes in net assets

Net assets - beginning

Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	City of Asheville ABC Board
\$ (6,239,367)	\$ -	\$ (6,239,367)	\$ -
(27,856,274)	-	(27,856,274)	-
(15,245,365)	-	(15,245,365)	-
(1,772,670)	-	(1,772,670)	-
(6,240,551)	-	(6,240,551)	-
(1,179,077)	-	(1,179,077)	-
(58,533,304)	-	(58,533,304)	-
-	7,936,214	7,936,214	-
-	(726,410)	(726,410)	-
-	(237,269)	(237,269)	-
-	1,133,653	1,133,653	-
-	(1,339,527)	(1,339,527)	-
-	362,076	362,076	-
-	(44,879)	(44,879)	-
-	7,083,858	7,083,858	-
(58,533,304)	7,083,858	(51,449,446)	-
-	-	-	109,105
-	-	-	109,105
36,913,609	-	36,913,609	-
16,106,644	-	16,106,644	-
6,086,012	-	6,086,012	-
1,059,358	-	1,059,358	-
2,724,292	541,966	3,266,258	67,884
125,982	16,852	142,834	-
7,189,066	7,004,300	14,193,366	-
(1,942,940)	1,942,940	-	-
68,262,023	9,506,058	77,768,081	67,884
9,728,719	16,589,916	26,318,635	176,989
203,064,713	105,760,326	308,825,039	4,101,443
\$ 212,793,432	\$ 122,350,242	\$ 335,143,674	\$ 4,278,432

**CITY OF ASHEVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

Exhibit C

ASSETS	General	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 29,255,726	\$ 10,459,728	\$ 39,715,454
Receivables (net of allowance for uncollectibles)	4,299,096	5,656,638	9,955,734
Due from other funds	747,250	-	747,250
Due from component unit	125,000	-	125,000
Inventories	858,271	-	858,271
Cash -- restricted	7,077,416	1,142,797	8,220,213
Total assets	<u>\$ 42,362,759</u>	<u>\$ 17,259,163</u>	<u>\$ 59,621,922</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other accrued liabilities	\$ 4,298,895	\$ 2,328,342	\$ 6,627,237
Due to other funds	-	31,431	31,431
Deferred revenue	226,168	4,201,199	4,427,367
Unearned revenue	211,722	-	211,722
Total liabilities	<u>4,736,785</u>	<u>6,560,972</u>	<u>11,297,757</u>
Fund balances:			
Reserved:			
For inventories	858,271	-	858,271
For encumbrances	953,241	4,394,891	5,348,132
For housing partnership	-	3,091,285	3,091,285
For employee paid health benefits	5,478,052	-	5,478,052
For risk management	1,599,364	-	1,599,364
By state statute	4,945,178	13,675	4,958,853
For perpetual care	-	292,830	292,830
Unreserved, reported in:			
General fund			
Designated for subsequent year's budget	445,282	-	445,282
Designated for capital projects	2,835,313	-	2,835,313
Designated for law enforcement special separation allowance	3,213,921	-	3,213,921
Undesignated:			
General fund	17,297,352	-	17,297,352
Special revenue funds	-	1,362,362	1,362,362
Capital project funds	-	1,543,148	1,543,148
Total fund balances	<u>37,625,974</u>	<u>10,698,191</u>	<u>48,324,165</u>
Total liabilities and fund balances	<u>\$ 42,362,759</u>	<u>\$ 17,259,163</u>	

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	196,889,755
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	4,427,367
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	(36,585,374)
Other accrual adjustments that do not require current financial resources and therefore, are not reported in fund statements.	(262,481)

Net assets of governmental activities	<u>\$ 212,793,432</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES,
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Exhibit D

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Ad valorem taxes	\$ 36,874,016	\$ -	\$ 36,874,016
Other taxes	16,482,287	-	16,482,287
Intergovernmental	8,713,137	6,725,365	15,438,502
Licenses and permits	4,948,487	-	4,948,487
Charges for services	8,994,029	29,300	9,023,329
Private donations	267,293	792,065	1,059,358
Investment earnings	1,780,212	53,464	1,833,676
Miscellaneous	320,593	570,023	890,616
Total revenues	<u>78,380,054</u>	<u>8,170,217</u>	<u>86,550,271</u>
EXPENDITURES			
Current:			
General government	13,764,862	411,693	14,176,555
Public safety	31,094,397	4,034,667	35,129,064
Public works	10,439,752	1,766,124	12,205,876
Human services	40,000	3,410,167	3,450,167
Planning	1,304,324	14,901	1,319,225
Engineering	1,830,630	73,523	1,904,153
Culture and recreation	7,406,119	2,444,259	9,850,378
Debt service:			
Principal	3,633,363	170,000	3,803,363
Interest	1,127,952	-	1,127,952
Total expenditures	<u>70,641,399</u>	<u>12,325,334</u>	<u>82,966,733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,738,655</u>	<u>(4,155,117)</u>	<u>3,583,538</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	115,000	4,139,158	4,254,158
Transfers out	(6,082,098)	(115,000)	(6,197,098)
Long-term debt issued	1,738,255	6,292,045	8,030,300
Sale of capital assets	1,311,587	-	1,311,587
Total other financing sources and (uses)	<u>(2,917,256)</u>	<u>10,316,203</u>	<u>7,398,947</u>
Net change in fund balances	4,821,399	6,161,086	10,982,485
Fund balances - beginning	32,804,575	4,537,105	37,341,680
Fund balances - ending	<u>\$ 37,625,974</u>	<u>\$ 10,698,191</u>	<u>\$ 48,324,165</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Exhibit E

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds (Exhibit D)	\$ 10,982,485
Depreciation expense is not a use of current financial resources and therefore, is not reported in the governmental fund statements	(13,027,083)
Capital asset additions are a use of current financial resources and therefore, are not reported as expenditures in the governmental fund statements.	10,137,027
Contribution of capital assets	7,189,066
Proceeds from sale of capital assets	(125,982)
Gain on sale of capital assets	125,982
Net change in accrued interest payable	(84,928)
Property tax revenue and other revenues in the statement of activities that do not provide current financial resources and, therefore, are deferred in the fund statements	(145,625)
Proceeds from long-term debt that provides current financial resources and are reported as other financing sources in the fund statements	(8,030,300)
Debt service payments use current financial resources and are reported in the governmental fund statements but are a reduction in a liability on the government-wide statements	3,803,363
Adjustments to other long-term obligations that do not require current financial resources and therefore, are not reported as expenditures in the governmental fund statements:	
Accrued vacation	(180,719)
Estimated claims incurred but not reported	(822,606)
Unfunded pension obligation	(91,961)
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 9,728,719</u></u>

The notes to the financial statements are an integral part of this statement

CITY OF ASHEVILLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

Exhibit F

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Ad valorem taxes	\$ 35,720,359	\$ 36,018,403	\$ 36,874,016	\$ 855,613
Local option sales tax	14,622,128	14,622,128	16,106,644	1,484,516
Payments in lieu of taxes	1,246,280	1,246,280	67,275	(1,179,005)
Other taxes	240,000	240,000	308,368	68,368
Intergovernmental	9,715,346	7,960,473	8,713,137	752,664
Licenses and Permits	4,824,670	4,839,670	4,948,487	108,817
Charges for services	6,657,651	7,496,916	8,994,029	1,497,113
Private donations	396,300	396,300	267,293	(129,007)
Investment earnings	374,323	459,323	1,780,212	1,320,889
Miscellaneous	341,265	341,265	320,593	(20,672)
Total revenues	74,138,322	73,620,758	78,380,054	4,759,296
EXPENDITURES				
Current:				
General government	13,736,953	14,618,586	13,764,862	853,724
Public safety	31,438,569	31,899,315	31,094,397	804,918
Public works	10,108,305	10,574,559	10,439,752	134,807
Human services	40,000	40,000	40,000	-
Planning	1,543,901	1,306,893	1,304,324	2,569
Engineering	1,879,606	2,228,763	1,830,630	398,133
Culture and recreation	6,168,018	7,499,451	7,406,119	93,332
Debt service:				
Principal	3,513,759	3,638,301	3,633,363	4,938
Interest and fees	2,625,282	1,131,270	1,127,952	3,318
Total expenditures	71,054,393	72,937,138	70,641,399	2,295,739
Excess of revenues over expenditures	3,083,929	683,620	7,738,655	7,055,035
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	50,000	2,285,346	-	(2,285,346)
Transfers in	115,000	115,000	115,000	-
Transfers out	(4,946,408)	(6,078,445)	(6,082,098)	(3,653)
Long-term debt issued	1,643,675	1,740,675	1,738,255	(2,420)
Sale of capital assets	53,804	1,253,804	1,311,587	57,783
Total other financing sources and (uses)	(3,083,929)	(683,620)	(2,917,256)	(2,233,636)
Net change in fund balance	\$ -	\$ -	4,821,399	\$ 4,821,399
Fund balance - beginning			32,804,575	
Fund balance - ending			\$ 37,625,974	

The notes to the financial statements are an integral part of this statement

CITY OF ASHEVILLE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

Exhibit G

ASSETS	Water Resources	Nonmajor Enterprise Funds	Totals
Current assets:			
Cash and investments	\$ 17,303,127	\$ 1,574,199	\$ 18,877,326
Accounts receivable (net of allowance for uncollectibles)	2,560,420	531,291	3,091,711
Accounts receivable MSD (net of allowance for uncollectibles)	1,842,891	-	1,842,891
Intergovernmental receivable	106,569	1,157,932	1,264,501
Inventories	-	89,118	89,118
Prepays	-	19,643	19,643
Restricted cash and investments	10,803,665	843,367	11,647,032
Total current assets	<u>32,616,672</u>	<u>4,215,550</u>	<u>36,832,222</u>
Noncurrent assets:			
Capital assets			
Land	4,276,933	5,994,825	10,271,758
Buildings and improvements	59,238,899	21,321,901	80,560,800
Machinery and equipment	6,836,121	7,596,809	14,432,930
Water system/sewer system	97,243,779	-	97,243,779
Infrastructure	-	11,964,746	11,964,746
Construction in progress	3,417,325	1,142,383	4,559,708
Total capital assets	<u>171,013,057</u>	<u>48,020,664</u>	<u>219,033,721</u>
Accumulated depreciation	<u>(48,898,849)</u>	<u>(26,433,433)</u>	<u>(75,332,282)</u>
Net capital assets	<u>122,114,208</u>	<u>21,587,231</u>	<u>143,701,439</u>
Unamortized debt issuance cost	985,163	19,667	1,004,830
Total noncurrent assets	<u>123,099,371</u>	<u>21,606,898</u>	<u>144,706,269</u>
Total assets	<u>155,716,043</u>	<u>25,822,448</u>	<u>181,538,491</u>
LIABILITIES			
Current liabilities:			
Accounts payable	944,949	588,721	1,533,670
Customer deposits	474,293	500	474,793
Accrued interest payable	458,082	40,338	498,420
Other accrued expenses	116,079	97,300	213,379
Due to other funds	-	715,819	715,819
Due to other governmental units	2,255,370	-	2,255,370
Bonds payable	2,658,510	-	2,658,510
Installment purchase contracts	-	578,000	578,000
Compensated absences	294,462	130,074	424,536
Unearned revenues	-	226,050	226,050
Total current liabilities	<u>7,201,745</u>	<u>2,376,802</u>	<u>9,578,547</u>
Noncurrent liabilities:			
Bonds payable	47,204,303	-	47,204,303
Installment purchase contracts	-	742,002	742,002
Unamortized bond premiums	1,663,397	-	1,663,397
Total noncurrent liabilities	<u>48,867,700</u>	<u>742,002</u>	<u>49,609,702</u>
Total liabilities	<u>56,069,445</u>	<u>3,118,804</u>	<u>59,188,249</u>
NET ASSETS			
Invested in capital assets, net of related debt	72,251,395	20,267,228	92,518,623
Unrestricted	27,395,203	2,436,416	29,831,619
Total net assets	<u>\$ 99,646,598</u>	<u>\$ 22,703,644</u>	<u>\$ 122,350,242</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Exhibit H

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 23,963,259	\$ 6,239,927	\$ 30,203,186
Rents	9,190	1,390,740	1,399,930
Concessions	-	1,056,888	1,056,888
Miscellaneous revenues	20,362	201,656	222,018
Total operating revenues	<u>23,992,811</u>	<u>8,889,211</u>	<u>32,882,022</u>
OPERATING EXPENSES			
Cost of merchandise sold	-	342,500	342,500
Administration	13,581,335	9,992,687	23,574,022
Depreciation	3,971,962	1,447,071	5,419,033
Total operating expenses	<u>17,553,297</u>	<u>11,782,258</u>	<u>29,335,555</u>
Operating income (loss)	<u>6,439,514</u>	<u>(2,893,047)</u>	<u>3,546,467</u>
NONOPERATING REVENUES (EXPENSES):			
Operating grants	-	2,171,052	2,171,052
Interest earned	427,548	114,418	541,966
Interest expense	(2,640,752)	(130,361)	(2,771,113)
Gain (loss) on sale of capital assets	28,219	(11,367)	16,852
Total nonoperating revenues (expenses)	<u>(2,184,985)</u>	<u>2,143,742</u>	<u>(41,243)</u>
Income (loss) before transfers and capital contributions	<u>4,254,529</u>	<u>(749,305)</u>	<u>3,505,224</u>
Transfers in/out:			
Transfers from General Fund	-	2,089,275	2,089,275
Transfers to Grant Fund	-	(146,335)	(146,335)
Special Items	-	7,004,300	7,004,300
Capital contributions	4,137,452	-	4,137,452
Changes in net assets	<u>8,391,981</u>	<u>8,197,935</u>	<u>16,589,916</u>
Total net assets - beginning	91,254,617	14,505,709	105,760,326
Total net assets - ending	<u>\$ 99,646,598</u>	<u>\$ 22,703,644</u>	<u>\$ 122,350,242</u>

The notes to the financial statements are an integral part of this statement

CITY OF ASHEVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Exhibit I

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers	\$ 24,498,771	\$ 8,478,064	\$ 32,976,835
Cash paid for goods and services	(9,101,946)	(6,660,942)	(15,762,888)
Cash paid to employees	(5,050,326)	(3,088,161)	(8,138,487)
Net cash provided by (used for) operating activities	<u>10,346,499</u>	<u>(1,271,039)</u>	<u>9,075,460</u>
Cash flows from non-capital financing activities:			
Grants received	-	1,023,922	1,023,922
Transfers (to) received from other funds	-	1,942,940	1,942,940
Advances paid to other funds	-	(122,721)	(122,721)
Net cash provided by non-capital financing activities	<u>-</u>	<u>2,844,141</u>	<u>2,844,141</u>
Cash flows from capital and related financing activities:			
Proceeds from long term debt	-	215,000	215,000
Receipts from capital grants or contributions	94,847	101,851	196,698
Refunding bonds issued	41,800,000	-	41,800,000
Acquisition and construction of capital assets	(1,035,976)	(1,035,731)	(2,071,707)
Payment to escrow agent for bond refunding	(43,712,563)	-	(43,712,563)
Principal paid on debt	(1,950,050)	(504,863)	(2,454,913)
Interest paid on debt	(2,660,686)	(132,033)	(2,792,719)
Proceeds from sale of capital assets	28,219	31,886	60,105
Premium from bond refunding	1,644,135	-	1,644,135
Net cash used for capital and related financing activities	<u>(5,792,074)</u>	<u>(1,323,890)</u>	<u>(7,115,964)</u>
Cash flows from investing activities:			
Interest earned	427,548	114,418	541,966
Net cash provided by investing activities	<u>427,548</u>	<u>114,418</u>	<u>541,966</u>
Net increase in cash and cash equivalents	4,981,973	363,630	5,345,603
Cash and cash equivalents:			
Beginning of year, July 1	20,910,384	2,053,936	22,964,320
End of year, June 30	<u>\$ 25,892,357</u>	<u>\$ 2,417,566</u>	<u>\$ 28,309,923</u>

(continued)

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 6,439,514</u>	<u>\$ (2,893,047)</u>	<u>\$ 3,546,467</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	3,971,962	1,447,071	5,419,033
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	377,087	(275,820)	101,267
(Increase) in inventories	-	(24,757)	(24,757)
Decrease in prepaids	-	80,949	80,949
(Increase) decrease in other accrued expenses	15,775	69,105	84,880
Increase (decrease) in accounts payable	14,965	405,927	420,892
(Decrease) in unearned revenues	-	(135,327)	(135,327)
Increase in accrued compensated absences	30,246	54,860	85,106
Decrease in due to other governmental units	(631,923)	-	(631,923)
Increase in due from other governmental units	71,048	-	71,048
Increase in customer deposits	57,825	-	57,825
Total adjustments	<u>3,906,985</u>	<u>1,622,008</u>	<u>5,528,993</u>
Net cash provided by (used for) operating activities	<u>\$ 10,346,499</u>	<u>\$ (1,271,039)</u>	<u>\$ 9,075,460</u>
Reconciliation of cash and cash equivalents:			
Cash and investments:			
Unrestricted	\$ 17,303,127	\$ 1,574,199	\$ 18,877,326
Restricted	10,803,665	843,367	11,647,032
Total cash and investments	28,106,792	2,417,566	30,524,358
Less: Investments	2,214,435	-	2,214,435
Cash and cash equivalents	<u>\$ 25,892,357</u>	<u>\$ 2,417,566</u>	<u>\$ 28,309,923</u>
			(concluded)

The accompanying notes are an integral part of the financial statements.

CITY OF ASHEVILLE
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2006

Exhibit J

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 102,404
Total assets	<u>\$ 102,404</u>
LIABILITIES	
Accounts payable	\$ 102,404
Total liabilities	<u>\$ 102,404</u>

The notes in the financial statements are an integral part of this statement.